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Shapiro & Burson no longer a Freddie Mac- recommended foreclosure law firm

Firm is under investigation for alleged fraudulent signatures on deeds

By [Lorraine Mirabella](#) and [Jamie Smith Hopkins](#), The Baltimore Sun

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Freddie Mac has instructed its mortgage servicers to stop referring foreclosure cases to Shapiro & Burson, the Virginia law firm accused of improper handling of more than 1,000 deeds for Maryland homes in foreclosure, the mortgage giant said this week.

Prosecutors in Prince George's County began investigating the firm in March after a paralegal formerly employed there filed a complaint alleging that deeds and foreclosure paperwork contained fraudulent signatures.

Freddie Mac, one of the two huge mortgage companies that buys loans and mortgage securities, removed Shapiro & Burson from its Maryland designated-counsel list during an update this week. The law firm's Virginia Beach location is still listed on Freddie Mac's Virginia list, but the firm was suspended from taking on any new Virginia foreclosure cases after March 23, a Freddie Mac spokesman said.

The spokesman, Brad German, called the decision "mutual" and said he could not comment on whether the continuing investigation by the Prince George's County state's attorney's office played a role. But Jose Portillo, the former Shapiro & Burson paralegal who complained to Maryland officials, said Freddie Mac contacted him in March to hear his allegations.

Shapiro & Burson was one of just two firms Freddie Mac had recommended in Maryland. This week, in addition to dropping Shapiro & Burson, the financier added three firms to the list.

"We are working with the firm on the orderly recovery and transfer of open Maryland cases and files to other law firms," German said in an email Thursday. "Servicers were also instructed to stop referring any new Freddie Mac foreclosure or bankruptcy cases to the firm."

German said firms are "from time to time" added to and dropped from the list. "We don't anticipate any impact" from Shapiro & Burson's removal from the designated-counsel list, he said in an interview.

John Burson, the law firm's managing partner, declined to comment.

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On Wednesday, a spokesman for the Prince George's state's attorney said investigators are speaking with other individuals who have made accusations against the law firm. The state's attorney's office is working with state and federal law enforcement officials on the effort, the spokesman said.

"We are tracking down every possible lead we can, and we're working hard to get to the bottom of this," said Ramon V. Korionoff, chief of staff to the Prince George's state's attorney.

The allegations are among the latest potential problems with foreclosures in the state. Admissions of falsified signatures at two Maryland foreclosure law firms prompted Maryland courts to put emergency rules in place last fall.

"Robo-signing" and other documentation problems popped up across the country last year, roiling the mortgage service industry and spawning investigations.

After allegations of widespread fraud at a huge foreclosure law firm in Florida last year, Freddie Mac removed the firm from its attorney list, saying in a statement that it was "deeply concerned about recent reports that some law firms handling foreclosure cases may have failed to follow appropriate legal standards in preparing or filing documents used in the prosecution of foreclosure cases."

In Maryland, mortgage servicers hire attorneys to shepherd homes through the foreclosure process as "trustees." While he worked at Shapiro & Burson, Portillo alleged, more than 1,000 deeds for Maryland foreclosures were handled not by the appointed trustee but by an outside lawyer who signed the trustee's name.

"Then they were recorded, and properties had been sold by the bank to new home buyers," said Portillo, who worked at the firm for about three years and said he was laid off with others in February.

If deeds aren't signed by the proper person, proving ownership of the home can be difficult or impossible.

While Freddie Mac is no longer recommending Shapiro & Burson on its Maryland cases, the other U.S. mortgage giant — Fannie Mae — continues to include the firm on its retained attorney list. Also on Fannie Mae's list are a Bethesda law firm that last year acknowledged filing foreclosure cases with false signatures, as well as a Baltimore law firm that employed several notaries who resigned their commissions this year after inquiries by state regulators.

A spokeswoman for Fannie Mae would not say whether the company is looking into any of the allegations.

"In instances when we learn about issues relating to the processing of foreclosure cases on our behalf, we immediately engage with the firm, evaluate the issues and the remediation efforts, and take appropriate action," said the spokeswoman, Amy Bonitatibus.

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